HEALTH & BEAUTY AIDS

Biz Leaps In Pegged Cosmetics

Sales in pegged cosmetics in 1981 were stimulated by increased manufacturer advertising expenditures and several innovative product introductions.

According to Boston Distributors of Maple Heights, Ohio, the firm which supplied this Product Movement Audit, real sales increases among the discounters served by the distributor were approximately 19% last year.

This movement audit covers the period Feb. 2 through Nov. 6, 1981. It shows the continuing dominance of Maybelline and Noxell in the pegged cosmetics categories.

Once again, Maybelline dominated the eye makeup category, the largest category within pegged cosmetics. The firm's Great Lash in black remained the top seller in mascara, and brown/black took the No. 14 spot.

But, heavy television ad support by Maybelline helped make its new entry, Dial-A-Lash, a winner during the period it was available.

Noxell continued to make inroads in the eye category with the successful launch of Marathon Mascara, which captured two places among the top 15 eye products.

The audit also reflected the continuing strength of Noxell's Professional mascara line.

Lip products, the second largest category in pegged cosmetics, was also dominated by Maybelline. The audit also revealed that the youth-oriented lip glosses were the biggest gainers in the category for the year.

Maybelline took 13 of the 15 top-selling products in the lip area last year. Noxell's Cover Girl lipsticks placed only two items on the PMA, demonstrating that Noxell did not make the inroads in the lip product category that it did in eye makeup.

On the other hand, Boston Distributors reported its face makeup category was "virtually owned" by Noxell. The line placed 13 items in the top 15.

Pressed powders landed in the top four spots and took seven rankings overall. Liquid makeup also placed four items in the PMA. And, all the pressed powders and liquid makeups on the PMA were from Noxell.

The nail products' PMA was led by Cutex with its colorless polish taking the No. 1 ranking. In second place was Cover Girl's colorless formula.

Last year Noxell's Cover Girl did make gains against Cutex by taking five PMA spots, while Cutex held on to six listings.

Sally Hansen remained an important factor in the nail products market with four items among the top 15.

During 1981 there was a tremendous rise in sales of nail accessory products. Although they are not listed as a separate category in the PMA, the Krazy Nails Kit was actually the No. 1 item in the entire pegged cosmetic category; Boston's movement on the item was 5,000 units.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	EYE MAKEUP			
1	Maybelline Great Lash mascara blk 175M	9,642	1.84	17,741
2	Maybelline Blooming Colors plum 200DP	7,104	2.29	16,268
3	Maybelline automatic pencil blck 100C	10,644	1.52	16,179
4	Maybelline Fresh Lash mascara blck 195M	8,554	1.84	15,739
5	Maybelline Ultra Big Ultra Lash mscra blk 150ML	9,540	1.63	15,550
6	Cover Girl Marathon mascara blk 6123	7,480	2.03	15,184
7	Cover Girl Professional mascara blk 4656	7,384	1.97	14,546
8	Maybelline Twin Pak pencil blk 59TC	14,976	0.94	14,077
9	Maybelline automatic pencil drk brwn 100C	8,148	1.52	12,385
10	Maybelline Blooming Clrs Bnch of Cola 200DP	5,322	2.29	12,187
11	Maybelline Fresh Lash mascara blk/brwn 195M	6,186	1.84	11,382
	LIP PRODUCTS			
1	Maybelline Lip Potions cherry smash 175LG	4,035	1.98	7,987
2	Maybelline Kissing Stick strawberry 200LG	3,522	1.98	6,974
3	Maybelline Whip Stick lipstick plum ice 125FL	3,864	1.76	6,801
4	Maybelline Kissing Slick strawberry 200KS	3,243	1.98	6,421
5	Cover Girl lipstick pure gloss 604	3,648	1.76	6,420
6	Maybelline Whip Stick copper coral 125FL	3,498	1.76	6,156
7	Maybelline Lip Potion strawberry swirl 175LG	3,051	1.98	6,041
8	Maybelline Kissing Stick pure glaze 200KS	2,976	1.98	5,892
9	Maybelline Kissing Stick cherry 200KS	2,961	1.98	5,863
10	Maybelline Kissing Stick cherry 200LG	2,940	1.98	5,821
11	Cover Girl lipstick natural frost 612	3,292	1.76	5,794

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	FACE MAKEUP			
1	Cover Girl medium pressed powder 448	7,292	2.15	15,679
2	Cover Girl brunette pressed powder 456	7,064	2.15	15,188
3	Cover Girl creamy beige pressed powder 464	6,676	2.15	14,353
4	Cover Girl creamy natural pressed powder 422	6,356	2.15	13,665
5	Maybelline Brush-Blush pink 195PB	6,675	1.97	13,150
6	Cover Girl oil-free press powder med 00745	5,728	2.15	12,315
7	Cover Girl liquid makeup creamy natural 0373	5,728	2.15	12,315
8	Cover Girl liquid makeup lite 0381	5,680	2.15	12,212
9	Cover Girl Brush-On-Blush peach 498	5,114	2.33	11,916
10	Cover Girl liquid All-Day mkp ntrl ivory 04119	5,532	2.15	11,894
11	Maybelline Brush-Blush peach 195PB	5,949	1.97	11,719
	NAILS			
1	Cutex nail polish colorless	9,292	0.93	8,642
2	Cover Girl Nail Slicks clear	7,080	1.13	8,000
3	Sally Hansen Be-Long 2220	3,432	1.99	6,830
4	Sally Hansen Hard-As-Nails tint 2106	6,288	1.01	6,351
5	Cutex Frost Polish nearly pink 1214	3,648	1.63	5,946
6	Cover Girl Nail Slicks sandlewood 3814	5,136	1.13	5,807
7	Cover Girl Nail Slicks snowflake frost 3781	5,008	1.13	5,659
8	Cutex Frost Polish platinum 1214	5,748	0.93	5,346
9	Cover Girl Nail Slicks rose silk 3848	4,988	1.33	5,636
10	Hard-As-Nails frost pink 4400	5,370	0.97	5,209

Source: Boston Distributors, Maple Heights, Ohio. Sales from Feb. 2-Nov. 6, 1981.

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HARDWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	ELECTRICAL			
1	12/2 Romex w/grd 250' per box	119	23.50	3,971.03
2	SL-1K Flor shop Lit comp 40-48"	172	16.15	2,777.80
3	34256 Norelco mercury vapor light	56	47.06	2,635.36
4	U100 Alliance tena-rotor automatic	41	61.66	2,528.06
5	100' 12/2 Romex w/ground boxed	133	18.76	2,495.08
6	267 Leviton small pin socket	3,475	0.70	2,432.50
7	1215IV Lev ground duplex receptacle	3,400	0.64	2,176.00
8	315 15' 18/2 White cord-ext indoor	1,330	1.52	2,021.60
9	½ Conduit 10' length	930	2.03	1,887.90
10	AP15X Flor u/cab fix w/o outlet	258	7.07	1,824.06
11	12/2 UF w/ground 250' per box	37	45.72	1,691.64
12	801/6101 Night light ivory	1,080	1.53	1,652.40
13	DR600RS Lutron UL rotary dimmer	381	4.35	1,651.35
14	1215BR Lev ground duplex receptacle	2,410	0.64	1,542.40
15	XP15oul Thyrocon photo-cell socket	240	6.05	1,452.00
16	309/282W 18/2 wht cord-ext ind 9'	1,220	1.18	1,439.60
17	4484/201 25' Trblite plas guard	252	5.45	1,373.40
18	48560 Snapit sensor nite lite	252	5.41	1,363.32
19	SLC200 Elect security lite	50	27.24	1,362.00
20	209/282 18/2 Brown cord-ext ind 9'	1,132	1.18	1,335.76
21	14/2 Romex w/ground 250' per box	50	23.98	1,199.00
22	4150/160-6-5 ½ Clamp-on light	220	5.41	1,190.20
23	800-10584 Outdoor light plastic	181	6.53	1,181.93
24	802-49687W 6 Outlet plug-in adptr white	440	2.68	1,179.20
25	25' 12/2 Romex w/ground boxed	223	5.17	1,152.91
26	212/283 18/2 brown cord-ext ind 12'	840	1.35	1,134.00
27	5014IV Lev HD ground duplex recept	710	1.58	1,121.80
28	DR600PS Lutr UL dimmer push on/off	191	5.47	1,044.77
29	T30-1044 Rshaw univ stbk ht/cl	20	52.07	1,041.40
30	86003IV Lev duplex recept plate	3,700	0.28	1,036.00
31	24x30 Plaskolite .100 clear plastic	160	4.27	972.80
32	10/3 Romex w/grd 250' per box	10	97.21	972.10
33	CFL22 Con-serv fluor lite scru-in	96	9.93	953.28
34	100' 14/2 Romex w/ground boxed	68	13.75	935.00
35	OLC5 Hemco outdoor light control	104	8.68	902.72

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	PLUMBING			
1	½ M hard copper 10' length	4,900	3.46	16,954.00
2	88TM white A1/Amer Wood Toilet seats	839	7.08	5,940.12
3	½ CPVC pipe 10' length	1,690	2.22	3,751.80
4	ST5 40 NSRT 40-gal Gas Heater 5 yr	24	155.75	3,738.00
5	202C03 Matco ½ Cop Stop/Waste	1,647	1.96	3,228.12
6	FS402 Corlserv Shower Head	339	9.03	3,061.17
7	ST5 40 NCRT 40-gal Gas Energy Sav	12	208.48	2,501.76
8	560 U-Plm Toilet Tank Repair kit	438	5.33	2,334.54
9	920 Wheeling 20-gal Sheet Can	240	9.04	2,169.60
10	733½ Copper Union	1,703	1.24	2,111.72
11	¾ M hard Copper 10' length	380	5.47	2,078.60
12	Mark II B Grade Toilet Comb White	37	54.89	2,030.93
13	186W Dr/King for unclogging drains	360	5.43	1,954.80
14	28-290/21-252 A Grad Toilet-comb white	29	60.15	1,744.35
15	B100 Manco Duct Tape 2" x 10 yd	1,416	1.21	1,713.36
16	B450 Ma co Duct Tape 2" x 45 yd	399	3.99	1,592.01
17	839110 BB Kitchen faucet 6" w/spray	44	35.14	1,546.16
18	611 ½ Copper tee	6,644	0.23	1,528.12
19	ND300 Neptune Disposer economy	35	43.52	1,523.20
20	PB3600 Flo bronze pump—pedestal	12	125.25	1,503.00
21	843120 BB 4" Lav faucet w/popup	60	24.75	1,485.00
22	803610 BB 2 Valve diverter CP handle	41	35.08	1,438.28
23	930 Wheeling 30-gal sheet can	102	14.05	1,433.10
24	763 U-Plm S-trap Kitchen 1½	150	9.43	1,414.50
25	760 U-Plm P-trap 1¼ bathroom h	276	4.75	1,311.00
26	¾ CPVC pipe 10' length	300	4.31	1,293.00
27	607 ½ Copper ell 90	9,325	0.13	1,212.25
28	835320 BB kitchen faucet w/spray	38	31.23	1,186.74
29	767 U-Plm J-bend 1½ chrome	360	3.23	1,162.80
30	200A Fluidmaster ballcock	235	4.94	1,160.90
31	761 U-Plm P-trap 1½ kitchen	186	5.98	1,112.28
32	2125 Keystone portable add-a-shower	51	21.72	1,107.72
33	PC3600 Flo cast iron pump-pedestal	13	82.83	1,076.79
34	745 U-Plm center waste outlet PVC	236	4.46	1,052.56
35	P28 ¼PT Parabond all purpose	648	1.61	1,043.28

Source: Stem Distributing, Maple Heights, Ohio. Figures cover December 1981.

Savvy DIYers Spur Electrical, Plumbing Sales

Electrical and plumbing items enjoyed strong sales during December 1981, according to the latest Product Movement Audit figures from Stem Distributing, Maple Heights, Ohio.

In the electrical category, sales remained good, with little, if any, seasonal sales in the mostly basic business. Percentage sales increases over December 1980 were not available due to the addition of a new supplier. Nevertheless, Wayne Dixon, Stem's electrical and plumbing buyer, was pleased with the results of this period's top-dollar electrical mover, the Romex 12/2 250-ft. extension cord with guard. "The item sold very well throughout the year. It did a steady business rather than spurting at a particular time," said Dixon.

Dixon explained that most electrical items sold well despite the lack of new housing starts in the area which Stem covers. Many of the 119 Romex units sold during December were ultimately retailed to sophisticated DIYers who needed the cords to complete work on extra rooms added to houses, garage maintenance and other home-related repairs or remodeling. The Romex cord had a total dollar movement of $3,971.03 on the strength of an average retail ticket of $23.50.

Shorter extension cords rebounded from a 1980 sales slump inflicted by the change in U.L. (Underwriter's Laboratory) quality control specifications. Dixon reported a good end-of-season clearout in the 6-, 9-, 12- and 15-ft. models, despite a price increase that sometimes reached 100%. "It used to be that a customer would need an extension cord and end up buying three because there was a "three for $1" special on them, but now one cord often sells for a dollar and the customer is less willing to buy what is probably a spare unit," explained Dixon.

Home-use extension cords made a strong showing in this most recent PMA, with separate models occupying the 8th, 16th, 20th and 26th places on the chart. The highest showing for a home-use model went to a 15-ft. white model that had a total dollar movement of $2,021.60 with 1,330 units moved in the monthly period. The average retail prices listed for the four extension cords reflected the drastic price boosts seen in the category.

As for the plumbing category, Dixon said sales were "better than expected," a prime reason being the severe winter weather that enveloped much of the Midwest. Water heaters sold extremely well due to constant breakdowns caused by an overwhelming demand for hot water on December's coldest days.

(Stem's electrical and plumbing sales figures were inflated due to the acquisition of Leon Supply, a Cincinnati-based distributor that specialized in bulk sales of electrical and plumbing items. Stem bought Leon on July 1, 1981, according to Dixon.)

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TOYS AND HOBBIES

Rebates and High Prices Spell Preschool Problems

While buyers express weary acceptance of price hikes in the preschool category, their customers' search for brand names is forcing them to carry the "Cadillac" offerings of manufacturers while holding the line on assortment and number of sku's.

In addition, discounters noted unhappily that many preschool toy makers are taking the rebate route to move their goods, while placing the retailer between the consumer and the manufacturer.

Ron Loveless, vice president, general merchandise manager, hard lines, Wal-Mart, said, "The rebates are just another way for the manufacturer to spend his ad dollars rather than try to hold the line on price points."

Buyers don't expect to see quite the jump in prices this year that they saw in 1981. They estimate hikes in the category will average 4%-5% as compared with 9%-10% last year. But, discounters are nervously considering putting a ceiling on prices. Already, they say, it's becoming hard to find an item to sell at under $10, while toys with a $30 price tag are almost impossible to sell.

Calling the American mother "brainwashed," W. E. Mann, senior buyer of toys, Woolco, said that he has divided his preschool merchandise into the chain's basic assortment and its Christmas line. During Christmas he will move in up to five high-end items, for which the manufacturer has given promotional dollars. ("We sold a tape recorder for $37 in 1981 that we're expecting to see at $44 this year.")

A buyer at ShopKo said that with 400-500 sq. ft. devoted to the preschool category, he is considering sku's more heavily to the low-end categories. "While sales in this area have been up, the number of units we have sold has decreased due to the higher price points," the buyer noted.

During Christmas the chain ran several preschool items, with manufacturer rebates, in its toy circular. The highest price point on a Christmas ad was $15.99, for a 22-piece Fisher-Price Play Family Farm.

Peggy Smeltzer, preschool buyer, Murphy's Mart, said the chain carries approximately 200-250 sku's in the category, with five name brand manufacturers dominant. The chain devotes 75 linear feet to preschool and Smeltzer said, "We are not planning to sell any items at over $20." The toy section thus won't carry the Texas Instruments line of electronic preschool toys, which retails at over $50. "We have had to sell that line in the stationery department rather than toys," said Smeltzer. Wal-Mart's Loveless said the chain will start considering the electronic preschool items when they are mass produced and, as happened with calculators, the prices come down.

Smeltzer said, "One bright spot with preschool toys is they're not as heavily promoted as other categories and we can make a 35%-40% gross margin." She pointed to the doll category as an area where a Barbie is sold at cost because of the heavy ad dollars it receives, the fact that every chain stocks Barbie, and the fierce price competition.

Heck's preschool buyer, Burl Ratchliffe, said the chain concentrates on knockoffs in this area. "We do carry an extremely limited number of the Fisher-Price items with nothing retailing at over $18," said Ratcliffe. He noted that the chain has decided that price points are their guide in choosing items for the category, with $10-$12 as their target.

"We buy the direct imports on a letter of credit, enabling us to make volume sales," Ratcliffe said. For Christmas, sales were down 5% but Ratcliffe said the chain cleared its inventory.

Not Interested

Both Ratcliffe and Murphy's Mart's Smeltzer said that the rebate programs are only viable for toy departments that carry a full preschool line. ShopKo's Balko said the chain has already voiced displeasure to Mattel and Procter & Gamble for their fall 1982 plans offering a rebate on Pampers with the purchase of any of 16 Mattel preschool items.

Price points are crucial buyer concern in preschool, as tickets under $10 become scarce. This assortment is from T.G. & Y.'s Bartlesville, Okla., store. *(DSN photo)*

Price Hikes Outrun Sales/Ft. Gains

	1971	1975	1976	1977	1978	1979	1980	1981	10-year change	5-year change	'81 vs. '80
Dept. Size (sq. ft.)	3,050	2,800	2,746	2,646	2,646	2,646	2,660	2,660	−12.8%	−3.1%	NC
Annual Turns	4.7	4.5	3.8	3.8	3.7	3.7	3.8	3.6	−23.4%	−5.3%	−5.3%
Volume per sq. ft.	$78	$85	$111.60	$116.28	$120.50	$130.03	$141	$147	+88.5%	+31.3%	+4.3%
Initial Markup	32%	34%	33%	34%	33%	33%	36%	35%	+9.4%	+6.1%	−2.8%
Gross Margin	28%	29%	29%	29%	28%	26%	29%	28%	NC	−3.4%	−3.4%
Company-run	88%	94%	96%	96%	96%	96%	96%	96%	+9.1%	NC	NC

NC—No Change *Source: DSN research*

Sales per square foot jumped a slim 4.3% in discounter toy departments in 1981, falling below average price increases in several toy categories. Christmas gains were strong at many chains, although industrywide figures show the effects of increased promotion.

Both initial markup and gross margin slipped, as pricing became even more competitive. Despite cuts taken to thin profit per unit sold, turns decreased for the year. The slowup in inventory turn continues the historical trend, although it is measured against a strong finish in 1980, which helped that year to achieve a faster average turn than either of the two previous years.

Space given over to toys has remained near the 2,650-sq.-ft. mark for the last five years, although further reduction may come in 1982 as increases in electronic games draw both dollars and space. Many chains merchandise Atari or Mattel's Intellevision in consumer electronic departments, for demonstrations with televisions. Buyers cite the large move in dollars toward Atari and other similar merchandise as a factor in smaller volume gains made by traditional toy categories.

Over the past decade, sales per square foot have almost doubled in a more tightly merchandised department. Although initial markup is down from a year ago, it has still grown over both the five- and 10-year periods, while the gross margins were the same at the beginning and end of the decade.

Spring/Summer 1982

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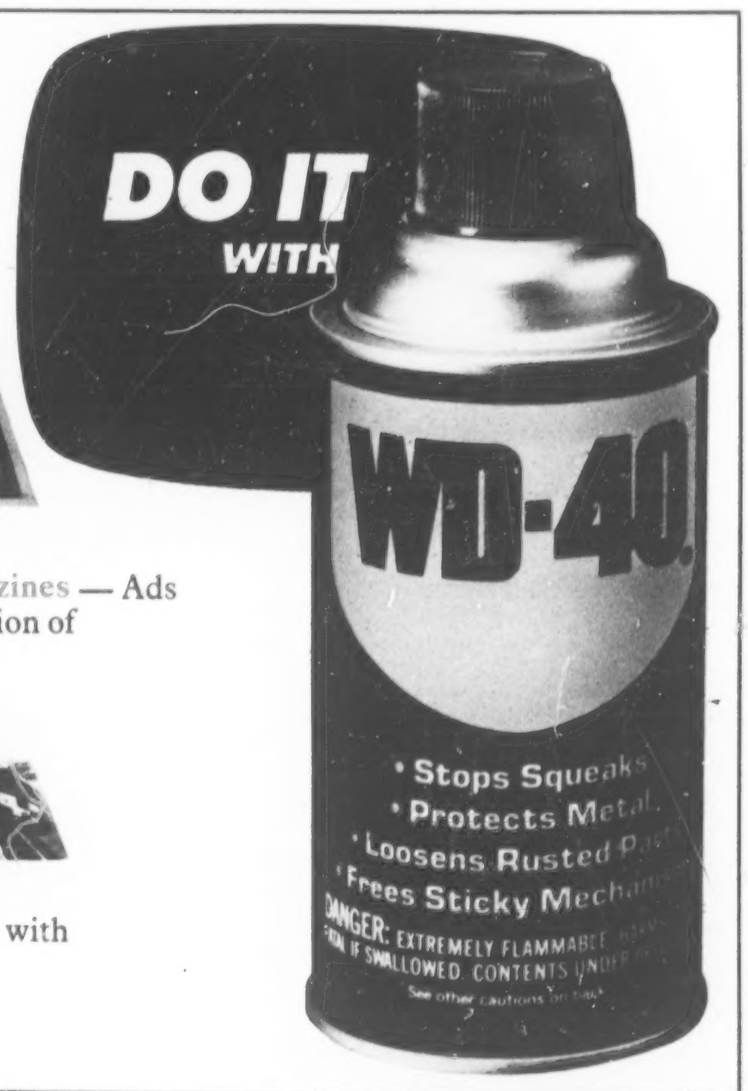


SPORTING GOODS SHOW

Licensed Products Dominate Rideons

For many of the cycles in the children's rideon category, you now need a license.

Buyers report that the children's rideon category in the toy department has become largely owned by plastic cycles, and much of that business is now becoming dominated by licensed products such as Kawasaki, Dukes of Hazzard for boys and Strawberry Shortcake for girls.

The results have been mixed lately in the industry. A Wal-Mart spokesman said rideons have "sold slowly, and we are still trying to figure out why. Licenses are starting to do well in the category, and the plastic trendy items are taking over the classic truck and wagon business."

At Woolco, a buyer noted that wheel bikes and tricycles for girls outsold boys' models last year, and said the rarity was due to Strawberry Shortcake licensed items.

"We will curtail our rideons for 1982, going basically with the licensed numbers," the Woolco spokesman said.

At Heck's, the assortment has already been limited to between six and eight sku's in plastic rideons with $24 to $29 representing the high end.

"We generally have Dukes of Hazzard cycles at $24 for our high end," said a chain spokesman. "We have gone up to $29 on some items, but there is little movement there. We see the most movement at $19."

Other chains also look to $25 as their high end on a year-round basis, though higher-ticket numbers are brought in for the fourth quarter.

At Murphy's Mart, the summertime 12 sku's range from $8 to $24, with Kawasaki and Dukes of Hazzard the strongest. A foot-powered telephone car has also done well and Christmas specials of battery-operated rideons at $79 were also successful.

In addition to licensing and limiting the high end to $25, another trend in the industry was noted by a Heck's spokesman:

"Plastics are coming close to steel rideon price points. We sold 10-in. and 13-in. steel tricycles, which took off for us. We thought our inventory was sufficient at midyear, but it turned out not to be."

Target to Enter Ark. via Three Ex-Woolcos

LITTLE ROCK, Ark.—Target, already spread through 17 states, plans to add an 18th with its first three Arkansas units scheduled to open here this fall.

Target acquired the three stores from Woolco recently, when that chain decided to abandon the Little Rock market. The 80,000-sq.-ft. and 100,000-sq.-ft. Little Rock stores, and 100,000-sq.-ft. North Little Rock unit fit Target's two prototype store sizes exactly.

Target has scheduled extensive remodeling to begin in mid-March.

Margin Boost Offsets Dip in Turn

	1981	1980	1979	1978	1977	1976	1975	1971	10-year change	5-year change	'81 vs. '80
Dept. Size (sq. ft.)	2,500	2,500	2,550	2,650	2,600	2,500	2,500	2,200	+13.6%	NC	NC
Annual Turns	2.9	3.1	3.5	3.5	4.3	4.5	3.0	2.7	+7.4%	−35.5%	−6.9%
Volume per sq. ft.	$132	$129	$124.13	$120.32	$118.34	$122.58	$72	$69	+91.3%	+7.7%	+2.3%
Initial Markup	36%	35%	35%	34%	34%	34%	34%	32%	+12.5%	+5.9%	+2.9%
Gross Margin	30%	28%	27%	26%	29%	26%	27%	27%	+11.1%	+15.9%	+7.1%
Company-run	96%	96%	96%	96%	96%	96%	91%	81%	+18.5%	NC	NC

NC—No Change.

Source: DSN research

A 1981 downturn of nearly 7% in annual turns and a slight increase of 2.3% in volume per square foot from 1980 were offset by a boost of 7.1% in gross margins in discounters' sporting goods departments.

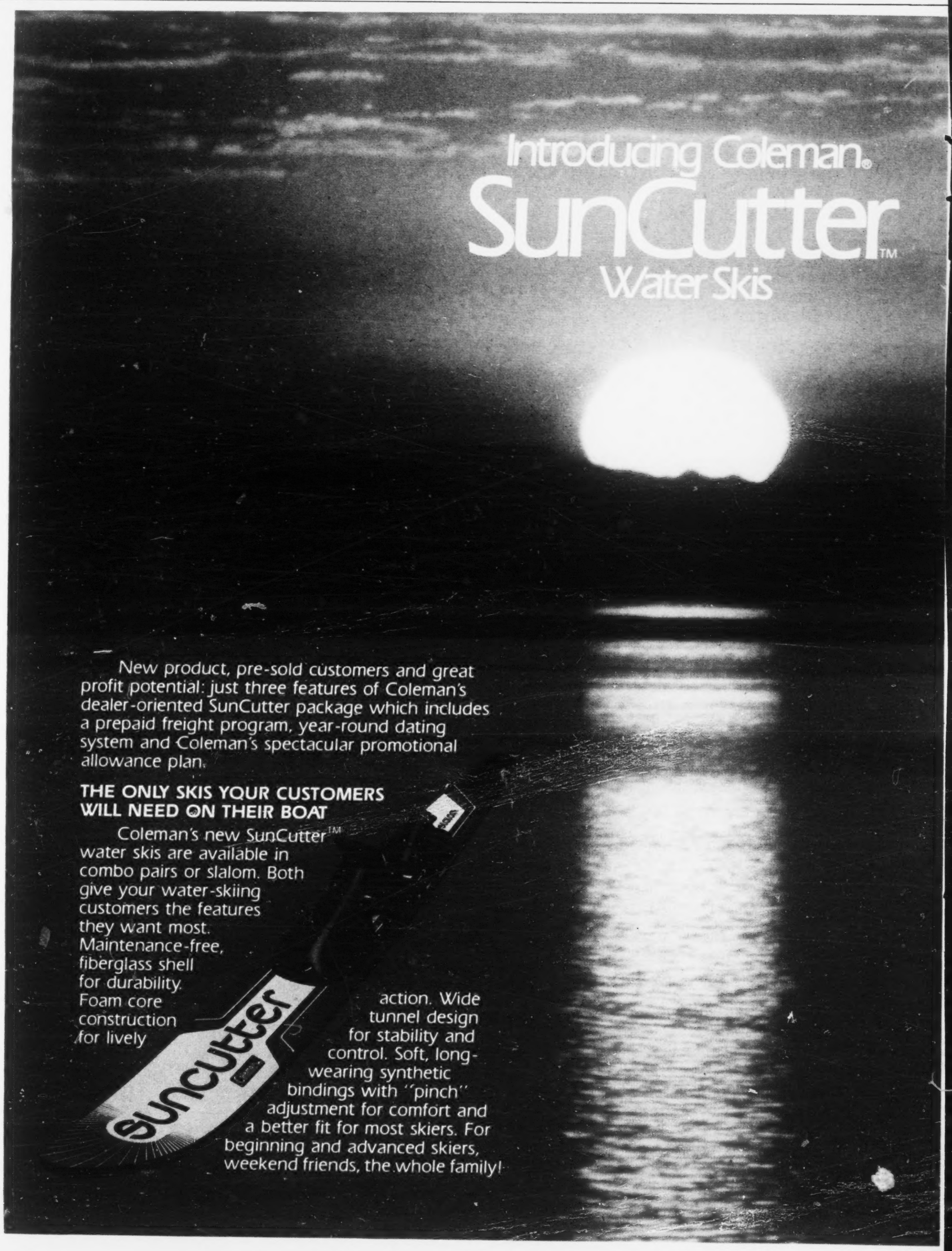
Discounters gave more shelf space during the spring months to the most popular categories such as exercise equipment, rod and reel sets and lawn games, and boosted gross margins with off-brand and import accessory items.

In most areas, discounters were able to hold their gross margin points, although in areas like combo fishing sets, discounters were willing to trade margin points for traffic.

Also visible in 1981—and expected to continue in 1982—was the steady trend among consumers to stay fit. As a result, fitness and indoor exercise items dominated fall sales.

Discounters upgraded their physical fitness merchandise mixes and invested in more sophisticated equipment, with slanted exercise benches leading the way.

The lawn game category also saw a trade-up trend as consumers leaned toward the higher-quality, higher-priced volleyball, badminton and tetherball sets.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Spring Car Care Buy-in: Pp. 25-30

Photo Mktg. Assn. Show: Pp. 31-37

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

VOL. 21, NO. 4 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | $2 a copy | FEBRUARY 22, 1982

4 More Zayres to Hit Difficult Atlanta; Richway, K mart Entrenched Foes

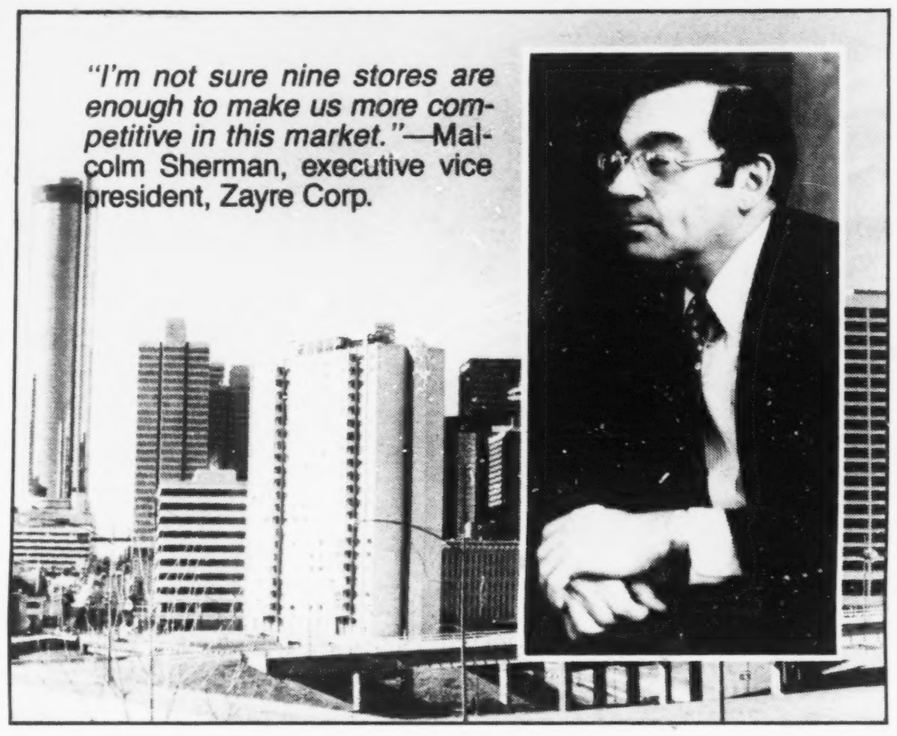
ATLANTA—The battle lines have been drawn and Zayre is on the offensive.

In a city that has forced several discounters to close their doors, Zayre is expected to complete its current five-store renovation and move into four new stores by this spring. But Zayre is not alone in its aggressive posture here.

The dominant chains, Richway and K mart, are adding two stores, and forging ahead with remodeling plans, respectively.

The question still remains, however: How hospitable will this Southern boom city be?

(Continued on page 42)



"I'm not sure nine stores are enough to make us more competitive in this market."—Malcolm Sherman, executive vice president, Zayre Corp.

Jefferson/Ward Gets New Look and Execs; Expansion Is Curbed

MIAMI—Major changes are under way at Jefferson/Ward, but the discounter's future remains unclear.

The chain continues to assemble a top management team, but its proposed expansion into 114 Montgomery Ward stores is being curtailed, with the parent company having already closed 33 of those units.

At the same time, Jefferson/Ward's current crop of stores in various Florida markets is getting a new look, with new fixtures, rearranged departments and refurbishings under way. Signs have started to sprout in those stores noting the units are being remodeled, and new merchandise is due to fill the empty shelves.

The serious out-of-stock condition was evident in stores in Florida and the Greater Philadelphia Area (where the refurbishing effort hasn't yet started).

Store sources contend that the restocking, to begin in the next few weeks, is a positive sign—part of Jefferson/Ward's redevelopment plans being put together by top management.

Other sources, however, look at it differently—they contend the lack of merchandise is one of the indications of Jefferson/Ward's uncertain future.

Jefferson/Ward's fortunes are intimately bound up with the destiny of its financially troubled parent, Montgomery Ward.

As another sign, those observers point to the $220 million equity contribution recently made to Montgomery Ward by its parent, Mobil. That financial infusion, on top of $355 million already pumped into Montgomery Ward, sharply reduces the retailer's debt burden and makes the company more attractive should Mobil want to sell it.

As for the Montgomery Ward stores previously targeted to be taken over by Jefferson/Ward, that move is up in the air.

Montgomery Ward has acknowledged that the Wards that had been "candidates for conversion" to Jefferson/Ward last year are now being described as "candidates for conversion or closing" and that 33 have already been shut.

Ward's clarification of the potential conversions has only clouded the situation at the dis-

(Continued on page 42)

Service Mdse. Buys 2 N. Calif. Kesslers

NASHVILLE—Service Merchandise has hit the acquisition trail to further its expansion in northern California.

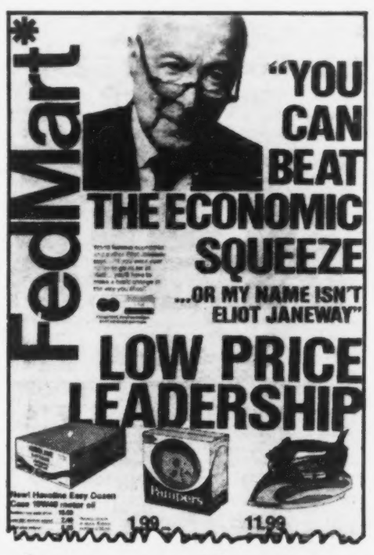
The cataloger purchased for an undisclosed amount of cash two Kessler units in the San Jose area. It will use its mini-showroom format in converting the stores to the Service Merchandise logo.

A standard mini-showroom prototype has been developed for newly built units. It will be used for the first time this fall in a 30,000-sq.-ft. showroom the cataloger is constructing in the Castleton suburb of Indianapolis. The versions used in recycled stores are based on plans already drawn up for Castleton.

Different Emphasis

Service Merchandise's mini-showroom format mainly features just catalog merchandise in a sample-only display in locked glass showcases. A few impulse, not-in-catalog items such as batteries are carried, while bulky items such as luggage and modular furniture are in open displays.

Service Merchandise previewed the mini-showroom format in an experimental store in Holyoke. That store had 10,000 sq. ft. of selling space on one floor of an enclosed two-story mall and a separate 10,000 sq. ft. of warehouse and a pickup station on the other level. (See *DSN*, Jan. 11, p. 21.)



Janeway Speaks For FedMart

SAN DIEGO—Eliot Janeway has become a FedMart spokesman.

A picture of the well-known economist and author appeared on the front page of the San Diego-based discounter's advertising supplement earlier this month. It was the first of a series.

Mull Hike in Minimum Salary For Exempt Supervisory Staff

WASHINGTON—Labor Department wage and hour regulators are considering plans to resurrect a "midnight" Carter Administration increase in the minimum salary requirements for thousands of discount chain assistant managers, department heads and other supervisory workers exempt from Federal overtime pay rules.

The specific options under consideration at the department now include hikes in the "white-collar" salary test levels which would prove even more inflationary than the original Carter Administration plan.

But at the same time, officials at the department's wage and hour division are also eying other changes in overtime pay exemption ground rules which could make these wage increases easier for discount chains to swallow.

The current regulations exempt certain "administrative" and "executive" employees from the provisions of the Fair Labor Standards Act which require that workers receive premium rate "time-and-a-half" wages for all hours worked beyond 40 per week.

But in order to qualify for such an exemption, workers must perform certain Federally specified supervisory duties and must be paid at least $155 per week.

That $155 ceiling had been in place since 1975, and last year, during their final days in office, Carter Administration officials approved a sharp 45% increase in this "white-collar" salary test level to $225.

Incoming Reagan regulators promptly suspended that hike in order to study its effect on the economy.

Although Carter officials originally estimated that the increase would add no more than $53 million to total United States labor costs, business groups—particularly those in

(Continued on page 4)

Digest

Feb. 22, 1982

Catalog Showroom News

- **David Weis is opening two showrooms—each of them to sport** its own apparel departments—in Greater Pittsburgh, bringing its store count there to five. (p. 5)
- **Under its new owners, the Albert Mathias Co., Joe Schwartz** Jewelers has given up its catalog in favor of flyers. (p. 5)

Housewares

- **Not everyone is happy about the latest round of manufacturer** rebates announced at the Housewares Show. Discounters cite problems at store level. (p. 11)
- ***DSN* takes a pictorial look at discounters' cookware depart-**ments. (p. 11)

Hardware

- **Despite greater gross margins in private label goods, many** discounters are steering clear of house brands in their hardware departments. (p. 14)
- **Mailbox sales are expected to flourish at Murphy's Mart,** Rose's and Danners, a result of the unusually harsh winter. (p. 14)

H&BA

- **Most discounters say they don't advertise cosmetics because** the ads won't pull. Not everyone agrees. (p. 20)
- **Even as upscale prototypes proliferate, discounters continue** to debate over the best location for their cosmetics departments. (p. 20)

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HOUSEWARES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	TABLETOP			
1	115-S Pyrex Hurricandle	7,063	8.09	57,139.67
2	3216-32 Dimensions IV 16-pc st, Cinnamon	358	39.59	14,173.22
3	2020-16 Expressions 20-pc st, Strwbrry	210	66.59	13,983.90
4	2020-13 Expressions 20-pc st, Meadow	187	66.59	12,452.33
5	16-4 Corelle 16-pc st, gold	372	32.39	12,049.08
6	2020-12 Expressions 20-pc st, Indn Smmr	178	66.59	11,853.02
7	2020-7 Expressions 20-pc st, Wildflower	148	66.59	9,855.32
8	3216-33 Dimensions IV 16-pc st, almond	238	39.59	9,422.42
9	4020-71 Traditions 20-pc st, Harvest Home	178	49.49	8,809.22
10	4020-70 Traditions 20-pc st, Flirtation	154	49.49	7,621.46
11	108 Corelle med plate (4), white	717	8.54	6,123.18
12	16-N Corelle 16-pc set, white	192	30.59	5,873.28
13	16-6 Corelle 16-pc set, Woodland	172	32.39	5,571.08
14	3216-31 Dimensions-4 10-pc st, Citrus	139	39.59	5,503.01
15	16-1 Corelle 16-pc set, green	149	32.39	4,826.11
	MICROWAVE COOKWARE			
1	62304 Nordic Mircro-go-Round	1,872	50.39	94,330.08
2	62304 Nordic Bacon/Meat Rack	3,900	8.09	31,551.00
3	Rc101SP Raytheon popcorn popper	1,233	17.99	22,181.67
4	64104 Nordic 3-qt corn popper	1,163	17.09	19,875.67
5	MW-2 Corning browning grill	573	26.09	14,949.57
6	61604 Nordic lrg grill sheet	1,254	11.69	14,659.26
7	61104 Nordic Micro Bundt	1,788	8.09	14,464.92
8	PM469TI Anchor Hocking bcn rck	2,105	6.52	13,724.60
9	MW-A-10 Corning 10" cov brwng skillt	408	25.19	10,277.52
10	62704 Nordic baking dish	1,268	8.09	10,258.12
11	MW-360 Corning microwave set	156	44.99	7,018.44
12	61504 Nordic deep dish pan	740	9.44	6,985.60
13	61304 Nordic 4-qt covd stew pot	410	16.64	6,822.40
14	PM481TI Anchor Hocking 1-qt pan w/cover	1,092	6.02	6,573.84
15	P-150 Corning Grab-It Set (2) white	593	11.06	6,558.58

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	CORNING			
1	F-330-S French White 3-pc set	946	26.38	24,955.48
2	F-370-S French White 10-pc hostess set	349	51.29	17,900.21
3	A-500-8N Chef Master set Spice	175	75.59	13,228.25
4	F-15 French Wht 15-oz oval cass (2)	962	11.66	11,216.99
5	F-16 French Wht 16-oz round cass (2)	948	11.66	11,053.68
6	F-3 10" Pie/quiche, white	848	10.61	8,997.28
7	F-2 2½-qt ovl cass/ld, white	470	17.54	8,243.80
8	P-1420 Counter saver lg, white	348	22.49	7,826.52
9	A-3-8 3-qt Sauce pan, Spice	341	20.69	7,055.29
10	P1420-8 Counter saver, lg, Spice	270	24.29	6,558.30
11	A-10-8 10½" Skillet, Spice	328	19.79	6,491.12
12	F-1 2½-qt Rd cass/lid, white	348	17.54	6,103.92
13	P-1420-7 Counter saver lg, W/F	243	24.29	5,902.47
14	A-300-8 Starter set, Spice	129	44.49	5,803.71
15	P-43-8 petite set 2-pc, Spice	428	13.04	5,581.12
	PYREX			
1	440-49S 4-pc Mix bowl set A/Hrvst	2,501	12.59	31,487.59
2	704-S 4-qt Oval bake dish	2,358	8.54	20,137.32
3	440-61S 4-pc Mix bwl st Frst Fncy	1,552	12.59	19,539.68
4	440-80S 4-pc Mix bowl set Shndoa	1,552	12.59	19,539.68
5	233 3-qt Obl bake dish	2,678	5.39	14,434.42
6	2325-F Original 2-qt bake dish	857	16.01	13,720.57
7	6245-F Original 2-qt covd cass	857	16.01	13,720.57
8	200-S Sprout Farm Kit	1,573	8.54	13,433.42
9	234 4-qt Obl bake dish	1,746	7.55	13,182.30
10	2221-F-N Party Server 1	534	24.29	12,970.86
11	1212-S Mix N Bake set	1,114	8.99	10,014.86
12	300-80 3-pc Bowl set Shndoa	815	11.69	9,527.35
13	440-6-S 4-pc Mix bowl set Woodland	716	12.59	9,014.44
'14	516 16-oz Liquid measure	3,048	2.60	7,924.80

Source: Bacar, distributor, San Jose, Calif. (For Nov. 2 through Dec. 31, 1981)

Higher-end Dinnerware Still Tops

Although this Product Movement Audit covering the period of Nov. 2 through Dec. 31, 1981, may be inconclusive in spotting trends for 1982, it does supply some clues.

For instance, according to management at Bacar Inc., the distributor supplying the audit, Corning's higher-ticket Dimensions, Expressions and Traditions dinnerware sets continued to outsell the manufacturer's opening price point sets in Corelle among West Coast discounters.

The previously published audit, covering the entire year, indicated the Strawberry and Wildflower patterns in Expressions were the leaders. But, focusing on the last 60 days of the year showed that the top seller was Dimensions IV in cinnamon.

During the November-December period Strawberry ranked No. 3 and Wildflower took the No. 7 spot.

In Corelle sets, the leading color was gold; the runner-up was white.

But, in the tabletop category the obvious winner was not a dinnerware set. In dollar and unit sales, probably the No. 1 gift item in the housewares department was the Pyrex Hurricandle.

The entire microwave cookware category was a strong one during the Christmas selling period. And, as microwave oven users discover the list of products needed to fully utilize their ovens, sales in cookware will grow. In addition, cookware sales in the first quarter of the year will reflect the fact that many microwave ovens were sold this past Chirstmas.

During the period covered by the audit, the undisputed champion in the category, and one of the largest nonelectric cookware gift items during the whole fall season, was the Nordic Micro-Go-Round. The item ranked No. 1 in the previous audit for the entire year. And, it remained in the No. 1 spot for the November-December audit.

New to the microwave cookware audit was the Raytheon popcorn popper in third place.

In the Corning category, the French White line dominated the list of the top 15 items at the expense of Corning patterned products. Within the French White group, sets were, predictably, the leading sellers during the gift-giving season. But, the fluted European look of French White is expected to keep it the leader in Corning cookware on the West Coast.

Taking three spots on the Corning movement audit, and appearing for the first time, were the counter savers. This group has been growing in sales and has achieved a niche for itself in the Corning line distinct from sales in the manufacturer's cookware.

Appearing for the first time in the Pyrex lineup was the manufacturer's newest pattern, Shenandoah. Both the four-piece and the three-piece mixing bowl sets in the pattern placed among Pyrex's top 15.

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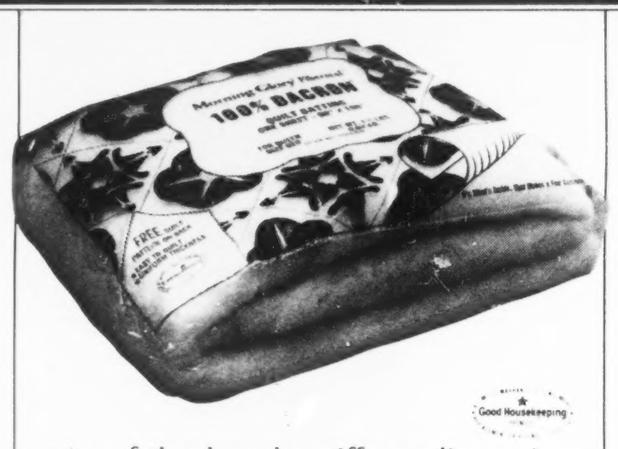

any of the harsh, stiff acrylic resins used as a binder in bonded batts. Made in both comforter and quilt weights in all popular sizes, they are the latest addition to our complete line of cotton and polyester batting products.

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